

File No. 130367

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 05/8/2013

Board of Supervisors Meeting

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Victor Young

Date May 3, 2013

Completed by: Victor Young

Date _____

[De-Appropriation and Re-Appropriation - Public Utilities Commission Expenditures - \$16,546,000 - FY2012-2013]

Ordinance de-appropriating \$16,546,000 in existing Wastewater Capital Improvement Program project budgets and re-appropriating the funds to Wastewater Sewer System Improvement Program budgets adopted by the Public Utilities Commission.

Note: Additions are *single-underline italics Times New Roman*;
 deletions are ~~*strikethrough italics Times New Roman*~~.
 Board amendment additions are double underlined.
 Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding were previously appropriated and no additional funding is requested in this supplemental appropriation ordinance. The uses of funding outlined below are herein de-appropriated to reflect the funding available for Fiscal Year 2012-2013.

Uses De-appropriation

Fund	Index/Project Code	Subobject	Description	Amount
5C CPF 12A	*CWP5CCPF12A	06C00 Capital	Interim CIP –	\$12,746,000
2012 Wastewater	CENMSCICSR00	Projects	Sewer Repairs	
Bond Fund		Budget		

1	Fund	Index/Project Code	Subobject	Description	Amount
2	5C CPF 13A	*CWP5CCPF12A	06700	SSIP – Collection	\$(3,800,000)
3	2013 Wastewater	CWWSIPCS00	Buildings,	System	
4	Commercial Paper – FY13		Structures &	Improvement	
5	Capital Projects		Improvement		
6			Project Budget		
7	Total USES De-appropriation				<u>\$(16,546,000)</u>

8

9 Section 2. The uses of funding outlined below are herein re-appropriated in Subobject

10 06700 (Buildings, Structures, and Improvement Project-Budget), and reflects the projected

11 uses of funding to support the re-appropriation of existing Wastewater Sewer System

12 Improvement Program (SSIP) projects for Fiscal Year 2012-2013.

13

14 **USES Re-appropriation**

15	Fund	Index/Project Code	Subobject	Description	Amount
16	5C CPF 12A	573550	06700 Buildings,	North Shore to	\$16,546,000
17	2012 Wastewater	CWWSIPNC01	Structures, and	Channel Force	
18	Bond Fund		Improvement	Main Drainage	
19			Project-Budget	Improvement	
20				Project	
21					
22	Total USES Re-appropriation				<u>\$16,546,000</u>

1 Section 3. The SFPUC has authorized its General Manager to enter into a
2 reimbursement agreement with Pacific Gas and Electric to fully fund trenchless pipeline sewer
3 improvements requested by Pacific Gas and Electric and arising from utility system
4 coordination work required under Wastewater Enterprise Contract Number WW-483RR, North
5 Shore to Channel Drainage Improvement and Pavement Renovation Project. The funds
6 received from Pacific Gas and Electric pursuant to the reimbursement agreement are
7 appropriated for use by the SFPUC to pay North Shore to Channel Drainage Improvement
8 project costs attributable to utility coordination work necessitated by Pacific Gas and Electric's
9 utilities in the project area.

10
11 Section 4. The Controller is authorized to record transfers between funds and adjust
12 the accounting treatment of sources and uses appropriated in this Ordinance as necessary to
13 conform with Generally Accepted Accounting Principles.

14
15
16
17 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

18
19 By: BSH
20 Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

21
22
23
24
25
By: [Signature]
Date: April 22, 2013

Item 4
File 13-0367

Department:
Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed supplemental appropriation ordinance (1) de-appropriates \$16,546,000 in surplus Wastewater Capital Improvement Program (CIP) and Sewer System Improvement Program (SSIP) project funds and re-appropriates these funds to the North Shore to Channel Force Main Drainage Improvement Project; and (2) authorizes the PUC General Manager to enter into a reimbursement agreement with Pacific Gas and Electric (PG&E) for PG&E to fully fund trenchless pipeline sewer improvements requested by PG&E.

Key Points

- The North Shore to Channel Force Main Drainage Improvement Project (the Project) will provide an auxiliary sewer force main for a portion of the North Shore to the Channel Force Main. PUC initiated the Project due to previous failures of a portion of the North Shore Force Main in 2008 and 2012.
- PUC has a contract with KJ Woods Construction to construct the Project. The Public Utilities Commission approved a contract modification in March 2013 to address (1) unforeseen site conditions, increasing the Project scope, (2) redesigning a portion of the Project around PG&E facilities, and (3) re-routing traffic and buses. The contract increased from \$17,036,800 to \$32,360,800 and the term was extended from the original completion date in November 2013 to a new completion date in February 2015.

Fiscal Impact

- The proposed supplemental appropriation ordinance approves funding of \$19,246,000 for the Project, including \$16,546,000 in de-appropriation and re-appropriation of CIP and SSIP funds, and \$2,700,000 under a reimbursement agreement in which PG&E will reimburse PUC for the costs to redesign a portion of the Project around PG&E's lines.
- \$15,324,000 of the \$19,246,000 will fund a modification to the contract between PUC and JK Wood Construction. PG&E will reimburse PUC up to \$2,100,000 for the contract modification for the contract work attributable to PG&E lines.
- \$3,922,000 of the \$19,246,000 will pay for City departments' staff costs, including the San Francisco Municipal Transportation Agency's (SFMTA) staff costs for traffic and bus re-routing; PUC staff costs to redesign a portion of the Project around PG&E lines; and PUC and Department of Public Works (DPW) staff costs for engineering, construction management, and other work related to the expanded Project scope due to unforeseen conditions. PG&E will reimburse PUC up to \$600,000 for PUC staff work attributable to PG&E lines.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 requires Board of Supervisors' approval of Annual Appropriation Ordinance amendments, after the Controller certifies the availability of funds.

Background

Master planning for the Public Utilities Commission's (PUC) Sewer System Improvement Program (SSIP) began in 2004. The SSIP's goal is to bring the City's sewer system to a state of good repair and to ensure continued regulatory compliance and system reliability. The SSIP consists of approximately 20 capital improvement projects to be completed from 2011 through 2040, a period of approximately 30 years, with an estimated cost of \$6 billion. Funding for the SSIP includes revenue bonds issued by the PUC on behalf of the Wastewater Enterprise and commercial paper, subject to appropriation approval of the Board of Supervisors. The costs of the program are paid by the City's residential and commercial ratepayers for sewer services.

DETAILS OF PROPOSED LEGISLATION

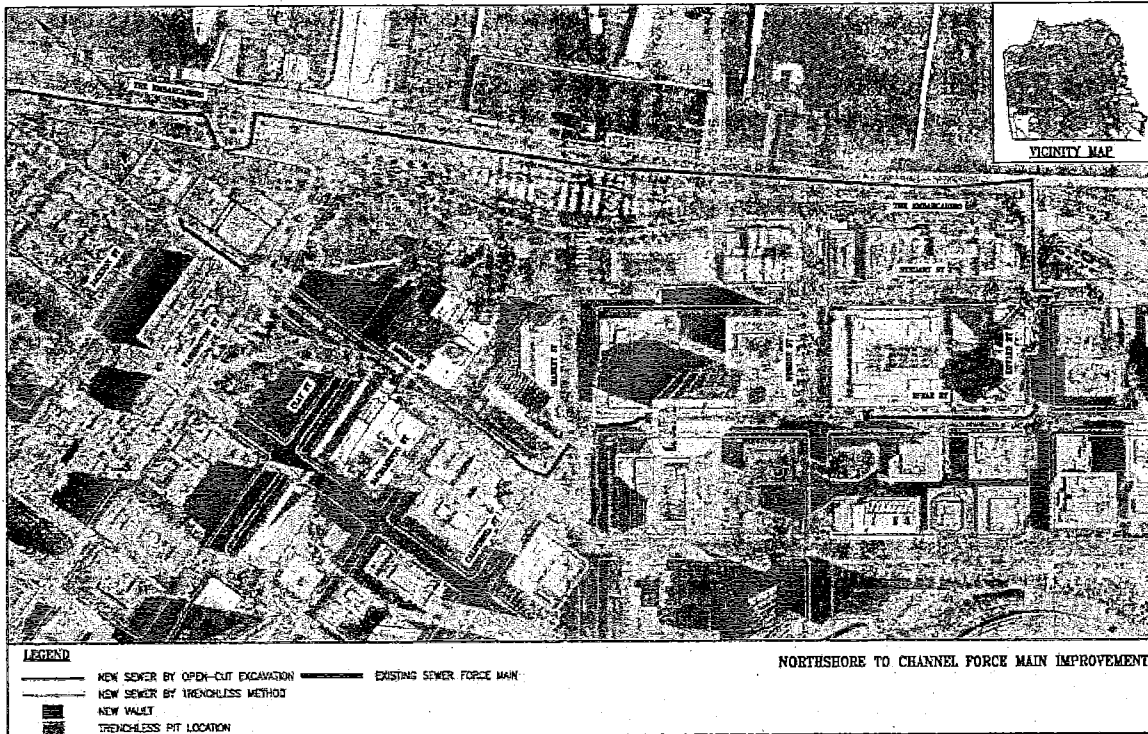
As shown in Table 1 below, the proposed supplemental appropriation ordinance (1) de-appropriates \$16,546,000 in surplus Wastewater Capital Improvement Program (CIP) and SSIP project funds and re-appropriates these funds to the North Shore to Channel Force Main Drainage Improvement Project; and (2) authorizes the PUC General Manager to enter into a reimbursement agreement with Pacific Gas and Electric (PG&E) for PG&E to fully fund trenchless pipeline sewer improvements requested by PG&E.

Table 1: De-appropriation of CIP Funds and Re-appropriation of SSIP Funds

Fund	Program	Amount
De-appropriation		
2012 Wastewater Bond Fund	Interim CIP Sewer Repairs	\$12,746,000
2013 Wastewater Commercial Paper	SSIP Collection System Improvement	<u>3,800,000</u>
Total De-appropriation		\$16,546,000
Re-appropriation		
2012 Wastewater Bond Fund	North Shore to Channel Force Main Drainage Improvement Project	\$16,546,000

The North Shore to Channel Force Main Drainage Improvement Project (the Project) will provide an auxiliary sewer force main¹ for a portion of the North Shore to the Channel Force Main, as shown in Exhibit 1 below. PUC initiated the Project due to previous failures of a portion of the North Shore Force Main in 2008 and 2012. As part of the project, PUC is installing approximately 3,000 feet of pipe under City streets and constructing a valve-vault in the sidewalk area on The Embarcadero, between Washington and Broadway Streets.

¹ A "force main" is a pressurized main pipe transporting sewage.

Exhibit 1: North Shore to Channel Force Main**PUC Construction Contract**

PUC entered into a construction contract with KJ Woods Construction in May 2012 through a competitive bid process to construct the North Shore to Channel Force Main Drainage Improvement Project. The original contract was for not-to-exceed \$17,036,800 and 553 consecutive calendar days (extending the contract until November 2013). The Public Utilities Commission (Commission) approved a contract modification of \$15,324,000 and extension of 466 days in March 2013. Therefore, the existing construction contract is for not-to-exceed \$32,360,800 and extends through February 2015.²

According to the PUC staff report to the Commission, the contract increase was necessary to address:

- Unforeseen site conditions, including numerous abandoned concrete slabs, abandoned shoring, abandoned utilities and underground storage tank;
- Design modifications required to avoid existing utilities not previously identified by utility companies, including PG&E; and

² Construction contracts themselves are not subject to Board of Supervisors approval, but funding for the construction contracts are subject to Board of Supervisors appropriation approval.

- Rerouting of traffic and Municipal Railway (Muni) buses.

Reimbursement Agreement with PG&E

According to the PUC staff report to the Commission, because PG&E cannot resolve conflicts between the PG&E's utility lines and the North Shore to Channel Force Main Drainage Improvement Project in a timely manner, PG&E has agreed to pay PUC to redesign a portion of the Project around PG&E's lines. PUC will enter into a Reimbursement Agreement with PG&E, in which PG&E will pay an estimated \$2,700,000, including:

- \$2,100,000 to reimburse PUC for PG&E utility line work performed by KJ Woods Construction under their existing contract with PUC; and
- \$600,000 to reimburse for PUC staff work for engineering, project management, construction management, and other related staff work.

Memorandum of Understanding with the San Francisco Municipal Transportation Agency

The additional Project work under the contract between PUC and KJ Woods Construction requires temporary re-routing of traffic and overhead-wired buses. PUC will modify the existing Memorandum of Understanding (MOU) with the San Francisco Municipal Transportation Agency (SFMTA), in which PUC will pay SFMTA for the costs of re-routing traffic and buses, totaling \$3,920,000 as follows:

- \$1,420,000 for work performed under the contract between KJ Woods Construction and PUC; and
- \$2,500,000 to SFMTA to pay for SFMTA staff time related to the traffic and bus re-routing.

FISCAL IMPACT

As noted above, the proposed ordinance would approve (1) the de-appropriation of \$16,546,000 in Wastewater CIP and SSIP funds and re-appropriation of these funds to the North Shore to Channel Force Main Drainage Improvement Project; and (2) a reimbursement agreement between PUC and PG&E.

PUC proposes to de-appropriate \$16,546,000, as shown in Table 1 above, as follows:

- \$12,746,000 for sewer repairs (Interim CIP Sewer Repairs project). According to the PUC, these funds are not necessary and are considered surplus funds because the Interim CIP Program is fully funded and near completion.
- \$3,800,000 for the SSIP Collections System Improvement program that was set aside for planning and design work for rehabilitation of the existing North Shore Force Main. According to PUC, the \$3,800,000 is no longer needed and is considered surplus funds because the North Shore Force Main planning and design work was addressed when PUC issued emergency contracts funded by Interim CIP funds, rather than SSIP funds, to rehabilitate the existing force main after a recent failure in 2012.

Table 2 below shows the proposed use of \$16,546,000, requested by PUC in the supplemental appropriation, and \$2,700,000 under the proposed agreement between PUC and PG&E, totaling \$19,246,000 for the North Shore to Channel Force Main Drainage Project.

Table 2: Sources and Uses of Funds

Sources of Funds	
Supplemental Appropriation	\$16,546,000
PG&E Reimbursement Agreement	2,700,000
Total	19,246,000
Uses of Funds	
JK Wood Construction Contract Modification:	
PUC North Force Main Construction	\$11,804,000
SFMTA Traffic and Bus Re-routing	1,420,000
PG&E Utility	2,100,000
Subtotal, Contract Modification	\$15,324,000
SFMTA Staff Costs for Traffic and Bus Re-routing	\$2,500,000
PUC Staff Costs Reimbursed by PG&E	600,000
PUC and Department of Public Works Staff Costs	822,000
Subtotal, City Department Staff Costs	\$3,922,000
Total	\$19,246,000

City staff costs of \$822,000 pay for Department of Public Works construction management and engineering staff and PUC project management and environmental and project control staff.

RECOMMENDATION

Approve the proposed ordinance.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *OK*
RE: Re-Appropriation – Expenditures of \$16,546,000 – FY2012-2013
DATE: April 23, 2013

Attached for introduction to the Board of Supervisors is the ordinance de-appropriating \$16,546,000 in existing Wastewater Capital Improvement Program project budgets and re-appropriating the funds to Wastewater Sewer System Improvement Program (SSIP) budgets adopted by the San Francisco Public Utilities Commission.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

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